October 2016 PERS Employer Monthly Update.

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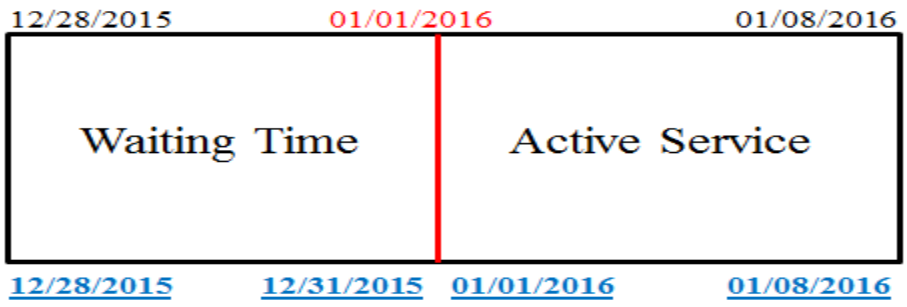
1) <u>Reminder: Reporting contributions for those who establish OPSRP membership on or after January 1, 2016</u>

Contributions for employees establishing OPSRP membership on or after January 1, 2016 begin with the **<u>first full pay period following the six month wait time</u>**. Employers will need to use a different procedure to correctly report wages and contributions for any pay date after OPSRP membership is established if the pay period for that pay date includes both waiting time service and active service.

Here is an example of that procedure. The example illustrates reporting by a "local government" employer and a non-"local government" employer for a pay period which begins December 28, 2015 and ends January 8, 2016, with a January 22, 2016 pay date reporting an individual who works 80 hours for the two-week period for a reported salary of $2000.00 and establishes OPSRP membership January 1, 2016.

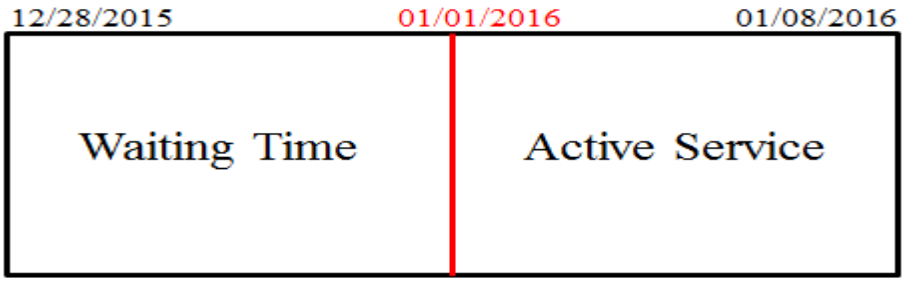
Local government employers can be identified by a PERS employer number in the 2000-2879 range. **Local government employers ALWAYS use Work Period Begin/End Dates (WPBED) on DTL2 records** when reporting wages, hours and contributions. **Two DTL2 records must be used to report wages, hours and contributions for pay periods crossing monthly boundaries, because WPBED will NOT cross monthly boundaries.**



For the 1st DTL2 record:
Pay date: 01/22/2016
Work Period Begin Date: 12/28/2015
Work Period End Date: 12/31/2016
Hours Worked: (Regular) 40.00
Reported Wage Code: 01
Subject Salary, Regular: 1000.00
Non-Subject Salary: (blank)
Contributions: (blank)

For the 2nd DTL2 record:
Pay date: 01/22/2016
Work Period Begin Date: 01/01/2016
Work Period End Date: 01/08/2016
Hours Worked: (Regular) 40.00
Reported Wage Code: 01
Subject Salary, Regular: (blank)
Non-subject Salary: 1000.00
Contributions: (blank)

Non-local government employers can be identified by a PERS employer number outside the 2000-2879 range. **Non-local government employers NEVER use Work Period Begin/End Dates (WPBED) on DTL2 records** when reporting wages, hours and contributions so a single record can be used to report this pay period.



Pay Date: 01/22/2016
Hours worked: (Regular) 80.00
Reported Wage Code: 01
Subject Salary, Regular: (blank)
Non-subject Salary: 2000.00
Contributions: (blank)

Why is non-subject salary used for this pay period? For those who establish OPSRP membership on or after January 1, 2016 contributions begin with the first full pay period after membership, and that **first full pay period would NEVER include waiting time service**. The use of non-subject salary would be **the only way to avoid EDX contribution requirements for salary reported with Wage Code 01-Regular wages. Non-subject salary would be used ONLY when reporting a pay date for a pay period including both waiting time service and active service.**

Contact your ESC Account Team representative if you have questions on this topic.

2) 2016 Reconciliation Phase 1 begins October 1st.

Phase 1 of the 2016 Annual Reconciliation begins October 1, 2016 and ends December 31, 2016. During this first phase employers are asked to focus on clearing suspended records and reports for calendar year 2016. Phase 1 would be an ideal timeframe for education

employers to review their substitute teaching staff to identify those who are likely to reach 600 hours total service for 2016. Remember that 600 hours total service in any calendar year will change "non-qualifying" position types to "qualifying" for members who established membership in calendar 2016 or a prior year. Contact your ESC Account Team about changing the position type from "non-qualifying" to "active service" for employees on pace reach 600 hours this year, or changing position type from "active service" to "non-qualifying" for employees not projected to reach 600 hours total service in 2016. Your ESC Account Team members can answer questions about an employee's service with other employers which cannot be answered by the Year-to-Date Wage and Contribution Summary or the Eligibility reports.

3) Reminder: PERS retirees returning to work.

Tier One/Tier Two retirees:

After retirement, Tier One/Tier Two retirees may return to work for a participating PERS employer(s) and continue to receive their retirement benefits as long as they do not work 1,040 hours or more in a calendar year. A Tier One/Tier Two retiree may work up to 1039.99 hours per calendar year and still be considered a retiree, but a Tier One/Tier Two retiree will re-establish active membership if they equal or exceed the 1040 hr. limit in any calendar year. The 1040 hour limitation for retirees returning to PERS employment is commonly referred to as the "1040 hour rule." (PLEASE NOTE: The 1040 hour rule does not apply to OPSRP retirees).

In addition, Tier One/Tier Two retirees hired into certain positions (listed in ORS 238.082(4)-(8); Sections 2 and 3, chapter 499, Oregon Laws 2007; and Sections 3 and 4, chapter 774, Oregon Laws 2007) may work unlimited hours post-retirement for a participating PERS employer and continue to receive retirement benefits. In order to qualify for these statutory exemptions, the retiree must satisfy all the requirements for the exemption. A common requirement to qualify for these statutory exemptions is that the Tier One/Tier Two member **does not receive a reduced service retirement allowance as set forth in ORS 238.280(1), (2) and (3). (PLEASE NOTE: These exemptions are not available to OPSRP retirees).**

Age/Service time requirements for Tier One/Tier Two retirement with an unreduced service benefit ("normal" benefit recipient):

Classification	Age		PERS Service Time
	Tier One	Tier Two	
General Service	58	60	Any age with 30 years of service
Police and Fire	55	55	Age 50 with 25 years of service

Age/Service time requirements for Tier One/Tier Two retirement with a *reduced* service benefit ("early" retiree):

Classification	Age		PERS Service Time
	Tier One	Tier Two	
General Service	55 - 57	55 - 59	Less than 30 years of service
Police and Fire*	50 - 54	50 - 54	Less than 25 years of service

***An inactive police officer or firefighter (P & F) Tier One or Tier Two member who attains the age of 50, may retire with a reduced benefit as long as their last covered position was a qualifying P & F position.**

<u>Tier One/Tier Two "early" Retirees may qualify for a limited number of exempt positions listed in ORS 238.082(4) and Section 3, chapter 774, Oregon Laws 2007:</u>

This exception applies to a Tier One/Tier Two "early" retiree* who is employed:	Effective Date of the Exception:	Date the exception expires:
As an administrator or teacher by a school district or educational service district that has its administrative office located in a county of 35,000 or less population. This exception was amended in 2007. The amended exception is in two parts: 1) As an administrator or teacher by a school district or community college district located in a county of 35,000 or less population; or 2) As an administrator or teacher by an education service district and the retired member's primary work duties are performed in a county of 35,000 or less population.	1-1-04 – 7/15/07 7/16/07 7/16/07	N/A
By a school district or education service district as a speech-language pathologist or speech-language pathologist assistant.	7-16-07	1-2-26
Is on state active duty with the National Guard and has reached "normal" retirement age. (ORS 399.075(8)) (available to early retiree only if the retiree has reached normal retirement age).	6-11-03	N/A
By the Legislative Assembly or the Oregon State Police for service during a legislative session. (ORS 238.092(2)).	7-16-07	N/A
As a teacher of career and technical education (Licensed by the Teacher Standards and Practices Commission to instruct any career and technical education course or program in any career and technical education field).	6-18-15	6-30-18

(*) **An "early" retirement benefit is actuarially reduced because the member starts receiving benefits before normal retirement age**. Unless the member has 30 years' service credit, Chapter 238 Tier One general service members retiring between ages 55 and 57 and Chapter 238 Tier Two general service members retiring between ages 55 and 59 are considered "early" retirees. Chapter 238 Tier One/Tier Two Police & Fire members retiring between ages 50 and 54 without 25 years' service credit are considered "early" retirees**. Only a limited number of 1040 exceptions are available to "early" retirees, and an "early" retiree <u>must wait six full months after retirement</u> before he/she can be employed in a position under any 1040 exception that is available to early retirees. An "early" retiree <u>who does not wait 6 full calendar months after PERS retirement</u> before being hired into one of these <u>DOES NOT QUALIFY for the exemption and is subject to the 1040 hour/calendar year work limit.</u>**

The positions available to "early" Tier One/Tier Two retirees and listed here can also be found:

1) In the "Working After Retirement: 1040-Hour Exceptions in Table Format" document available through the "General Information" link of the PERS employer web page, or
2) Through this link:
http://www.oregon.gov/pers/docs/general_information/1040_exceptions_table.pdf
(Positions open to Tier One/Tier Two "early" retirees are noted in the "Early Ret." column.)

The exemption from the 1040 hour/calendar year limit APPLIES TO THE POSITION listed in ORS 238.082, NOT to the retiree holding the position.

Example 1: A Tier One/Tier Two "normal" benefit recipient, hired by an employer into an exempt position, may work unlimited hours WHILE IN THAT EXEMPT POSITION. If the retiree leaves that exempt position and goes to work as a retiree for another PERS employer in a position NOT listed in ORS 238.082 or OAR 459-017-0060, the retiree becomes subject to the 1040 hour/calendar year work limit while working in that non-exempt position.

Example 2: If the retiree works concurrently in an exempt position and a non-exempt position, the hours worked in the non-exempt position will be subject to the 1040hour/calendar year work limit.

Tier One/Tier Two retirees who have reached federal Social Security full retirement age (65-67, depending on the retiree's birth date) may work unlimited hours with PERS employers beginning the first of the month after the month in which Social Security full retirement age is reached. This exception does not apply to OPSRP retirees.

OPSRP retirees:

Hiring an OPSRP retiree into a position with "qualifying" hire intent CANCELS the individual's retirement and re-establishes active membership immediately upon hire. Hiring an OSPRP retiree into a position with "non-qualifying" hire intent allows only 599.99 hours of work (total for ALL PERS employers) per calendar year. The OAR amendment adopted at the July 31, 2015 Board meeting clarifies PERS administration for OPSRP retirees who return to work for a PERS employer after retirement, and explains how PERS restarts the clock if an OPSRP retiree returns to work in a non-qualifying position in the same year in which they retire. PLEASE NOTE: None of the positions listed in ORS 238.082(4)-(8); Sections 2 and 3, chapter 499, Oregon Laws 2007; and Sections 3 and 4, chapter 774, Oregon Laws 2007 are open to OPSRP retirees.

You may hire an OPSRP retiree into a non-qualifying position immediately after retirement and submit the DTL1-11 record at that time. In most cases that DTL1-11 record and any DTL2-07 records will suspend until EDX has been updated to reflect the OPSRP member's transition from active to retired status. **If the DTL1 and DTL2 records suspend upon submission, you do not need to "re-Save" those records for 90 days or until you have: 1) Verified with the retiree that they have received their first benefit check, or 2) Checked with your ESC Account Representative that the individual is in retired status.**

Also, <u>NEVER</u> submit a DTL1-15 record to re-hire an OPSRP member as a retiree <u>unless your ESC Account Representative asks you to do so.</u>

4) Reminder: Please check the Average Overtime Hours information for your employees.

The Average Overtime Hours entry on the DTL1 Member Demographics record represents the average overtime in any calendar year allowed for those positions in a class of employees with an employer (teacher, firefighter, receptionist, payroll specialist, etc.). **This value controls how much overtime money paid in any calendar year can be used in the calculation of an OPSRP member retirement benefit for those in a class of employees with an employer. Incorrect coding of this benefit can significantly affect the amount of overtime money available for use in the benefit calculation for those in a class of employees with an employer.** You may find the recorded Average Overtime Hours value for any of your employees using this procedure:

1) In the Site Navigation of any EDX page, click the "View Employee Info." link.
2) When the Search screen appears, enter the employee's last name or Social Security Number or PERS ID, and click "Search".
3) The "Employee Employment History Details" screen will appear. The recorded Average Overtime Hours value for this member is located on this screen.

OR…

Through your ESC Account Team Representative you may request a list of all your active employees which will include the Average Overtime Hours value currently coded for each of those employees. You may find your ESC Account Team representative through the "Find Your ESC Account Team" link, under the "Employer Resources" heading, on the PERS employer web page: www.oregon.gov/pers/emp/pages/index.aspx

5) Fall 2016 Employer Outreach presentation scheduling is now available.

The Fall 2016 Employer Outreach Presentation schedule is now available. The presentation will review selected reporting topics proving troublesome for employers along with steps to avoid and recover from these reporting problems.

Continuing past practice, the Fall 2016 Outreach presentation will be done exclusively through iLinc, the PERS distance presentation platform. Registration for any presentation will also be done exclusively online; any cancellations should be directed to: pers-employer.info.services@pers.state.or.us

Fall 2016 Employer Outreach times, dates and registration may be found by starting at the PERS employer web page, www.oregon.gov/pers/emp/pages/index.aspx, the clicking links in this order: (under the "Employer Resources" heading) "Employer Training and Education Opportunities" > "Outreach Presentation Schedule and Registration", or through this link: https://www.oregon.gov/pers/EMP/Pages/section/er_presentations/index.aspx

The handout to be used for the Fall 2016 Outreach presentation is also available on this page, through the “Fall 2016 Employer Outreach” link.

Best regards,